

## Commodity Credit Corporation, USDA

## § 1421.4

*Unshorn pelt* means the removed skin and attached wool from a slaughtered lamb that has never been shorn.

*Warehouse receipt* means a receipt containing the required information prescribed in this part and is:

(1) A pre-numbered, negotiable warehouse receipt issued under the authority of the U.S. Warehouse Act, a state licensing authority, or by an approved CCC warehouse in such format authorized and approved, in advance, by CCC;

(2) An electronic warehouse receipt (EWR) issued by such warehouse recorded in a central filing system or system maintained in one or more locations which are approved by FSA to operate such system; or

(3) Other such acceptable evidence of title, as determined by CCC.

*Wool* means the fiber sheared from a live sheep and includes, unless noted otherwise, graded and nongraded wool.

[67 FR 63511, Oct. 11, 2002, as amended at 68 FR 37940, June 26, 2003; 70 FR 33799, June 10, 2005; 74 FR 15650, Apr. 7, 2009; 80 FR 120, 129, Jan. 2, 2015]

### § 1421.4 Eligible producers.

(a) To be an eligible producer, the producer must:

(1) Be a person, partnership, association, corporation, estate, trust, or other legal entity that produces an eligible commodity as a landowner, landlord, tenant, or sharecropper, or in the case of rice, furnishes land, labor, water, or equipment for a share of the rice crop. With respect to wool and mohair, the producer must own, other than through a security interest mortgage, or lien, the sheep and goats that produced the wool and mohair respectively for a period of not less than 30 days.

(2) Comply with all provisions of this part and, as applicable:

(i) 7 CFR part 12—Highly Erodible Land and Wetland Conservation;

(ii) 7 CFR part 707—Payments Due Persons Who Have Died, Disappeared, or Have Been Declared Incompetent;

(iii) 7 CFR part 718—Provisions Applicable to Multiple Programs;

(iv) 7 CFR part 996—Minimum Quality and Handling Standards for Domestic and Imported Peanuts Marketed in the United States;

(v) 7 CFR part 1400—Payment Limitation & Payment Eligibility;

(vi) 7 CFR part 1402—Policy for Certain Commodities Available for Sale;

(vii) 7 CFR part 1403—Debt Settlement Policies and Procedures;

(viii) 7 CFR part 1405—Loans, Purchases, and Other Operations;

(ix) 7 CFR part 1412—Agriculture Risk Coverage, Price Loss Coverage, and Cotton Transition Assistance Programs; and

(x) 7 CFR part 1423—Commodity Credit Corporation Approved Warehouses.

(3) Have made an acreage certification with respect to all the cropland on the farm.

(b) A receiver or trustee of an insolvent or bankrupt debtor's estate, an executor or an administrator of a deceased person's estate, a guardian of an estate of a ward or an incompetent person, and trustees of a trust is considered to represent the insolvent or bankrupt debtor, the deceased person, the ward or incompetent, and the beneficiaries of a trust, respectively. The production of the receiver, executor, administrator, guardian, or trustee is considered to be the production of the person or estate represented by the receiver, executor, administrator, guardian, or trustee. MALs and LDP documents executed by any such person will be accepted by CCC only if they are legally valid and such person has the authority to sign the applicable documents.

(c) A minor who is otherwise an eligible producer is eligible to receive MALs or LDPs only if the minor meets one of the following requirements:

(1) The right of majority has been conferred on the minor by court proceedings or by statute;

(2) A guardian has been appointed to manage the minor's property and the applicable MAL or LDP documents are signed by the guardian;

(3) Any note or loan deficiency payment program application signed by the minor is cosigned by a person determined by the county committee to be financially responsible; or

(4) A bond is furnished under which a surety guarantees to protect CCC from any loss incurred for which the minor

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would be liable had the minor been an adult.

(d) If more than one producer executes a note and security agreement with CCC, each such producer is jointly and severally liable for any violation of the terms and conditions of the note and security agreement and the regulations in this part. Each such producer also remains liable for repayment of the entire MAL amount until the MAL is fully repaid without regard to such producer's claimed share in the commodity pledged as collateral for the MAL. In addition, such producer may not amend the note and security agreement with respect to the producer's claimed share in such commodities, or MAL proceeds, after execution of the note and security agreement by CCC.

(e)(1) The county committee may deny a producer a MAL on farm-stored commodities if the producer has:

(i) Made a misrepresentation in connection with the MAL or LDP program;

(ii) Not allowed an FSA representative access to the site where commodities pledged as collateral for MALs were stored, or otherwise failed to cooperate in the settlement of MAL; or

(iii) Failed to adequately protect the interests of CCC in the commodity pledged as collateral for a farm-stored MAL.

(2) A producer who is denied a farm-stored MAL will be eligible to pledge a commodity as collateral for a warehouse-stored MAL or provide some other form of financial assurance to obtain a farm-stored MAL.

(f) A CMA may obtain a MAL and LDP on eligible production of a MAL commodity on behalf of its members who are eligible to receive MALs or LDPs with respect to a crop of a commodity. For purposes of this subpart, the term "producer" includes a CMA.

(g) In case of the death, incompetency, or disappearance of any producer who is entitled to the payment of any sum in settlement of a MAL or LDP, payment will, upon proper application to the FSA county service center that disbursed the MAL or LDP, be made to the persons who would be entitled to such producer's payment under the regulations contained in part 707 of this title.

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(h) A producer must meet the requirements of actively engaged in farming, cash rent tenant, and member contribution as specified in part 1400 of this chapter to be eligible for LDPs and market loan gains.

[67 FR 63511, Oct. 11, 2002, as amended at 74 FR 15650, Apr. 7, 2009; 75 FR 19193, Apr. 14, 2010; 80 FR 120, 129, Jan. 2, 2015]

### § 1421.5 Eligible commodities.

(a) Commodities eligible to be pledged as collateral for a MAL made under this part are:

(1) Barley, corn, grain sorghum, oats, peanuts, soybeans, oilseeds, wheat, dry peas, lentils, chickpeas, rice and other crops designated by CCC produced and mechanically harvested in the United States;

(2) Dual purpose sorghum varieties as determined by CCC; and

(3) Wool and mohair produced and shorn from live animals in the United States.

(b) A commodity produced on land owned or otherwise in the possession of the United States that is occupied without the consent of the United States is not an eligible commodity.

(c)(1) To be an eligible commodity, the commodity must be merchantable for food, feed, or other uses determined by CCC and must not contain mercurial compounds, toxin producing molds, or other substances poisonous to humans or animals. A commodity containing vomitoxin, aflatoxin, or Aspergillus mold may not be pledged for a MAL made under this part, except as provided by CCC in the MAL note and security agreement.

(2) The determination of eligibility for rice includes class, grade, grading factor, milling yields, and other quality factors and will be based upon the U.S. Standards for Rice as applied to rough rice whether or not such determinations are made on the basis of an official inspection.

(3) The determination of eligibility for peanuts includes type, quality, and quantity.

(4) With regard to barley, canola, corn, flaxseed, grain sorghum, oats, rice, soybeans, sunflower seed for extraction of oil, wheat, and other commodities designated by CCC, the determination of eligibility will be based